

## Message Text

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PAGE 01 STATE 184282

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ACTING EXECUTIVE VICE PRESIDENT/WARREN W. GLICK

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R 051530Z AUG 75

FM SECSTATE WASHDC

TO AMEMBASSY PANAMA

UNCLAS STATE 184282

E. O. 11652: N/A

TAGS: APUB, PN

SUBJECT: PRESS RELEASE ON EXIMBANK CREDIT TO PANAMA

FOR YOUR INFORMATION ONLY, FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE DIRECT CREDIT OF \$19,080,000 TO AN AUTONOMOUS AGENCY OF THE REPUBLIC OF PANAMA. RELEASE IS SCHEDULED FOR ANNOUNCEMENT HERE IN WASHINGTON, D.C. FOR A.M. PAPERS, WEDNESDAY, AUGUST 6, 1975.

QUOTE: EXIMBANK SUPPORTS \$42.4 MILLION SALE OF U.S. SUGAR MILL EQUIPMENT TO PANAMANIAN CORPORATION WITH \$19,080,000 CREDIT

TO HELP FINANCE A \$42.4 MILLION SALE OF U.S. GOODS AND SERVICES REQUIRED FOR THE CONSTRUCTION AND OPERATION OF A SUGAR MILL IN PANAMA, THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK OF THE UNITED STATES HAS AUTHORIZED A DIRECT CREDIT OF \$19,080,000 IN FAVOR OF CORPORACION AZUCARERA LA VICTORIA. THE BORROWER IS AN AUTONOMOUS AGENCY OF THE REPUBLIC OF PANAMA.

UNCLASSIFIED

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PAGE 02 STATE 184282

THE MILL WILL BE LOCATED NEAR THE CITY OF DAVID IN THE ALANJE AREA OF THE PROVINCE OF CHIRIQUI, PANAMA. IT WILL HAVE A CAPACITY OF 6,000 MT/DAY WITH DESIGN FEATURES FOR EXPANSION TO 7,500 MT/DAY.

F. C. SCHAFER AND ASSOCIATES, INC. OF BATON ROUGE WILL ACT AS CONSULTING ENGINEER TO DESIGN THE PLANT, PREPARE SPECIFICATIONS FOR THE PURCHASE OF EQUIPMENT, RECOMMEND THE AWARD OF CONTRACTS, AND ASSIST IN SUPERVISION OF CONSTRUCTION. WALACE INDUSTRIAL CONSTRUCTORS, PASCAGOULA, MISSISSIPPI, IN COLLABORATION WITH THEIR ASSOCIATE COMPANY, TELLEPSSEN PAN AMERICAN COMPANY OF HOUSTON, TEXAS, WILL ACT AS GENERAL CONTRACTOR TO SUPPLY THE EQUIPMENT, CONSTRUCT THE PLANT AND START-UP OPERATIONS.

PROBABLE SUPPLIERS OF PRINCIPAL ITEMS OF EQUIPMENT INCLUDE FULTON IRON WORKS, ST. LOUIS, MISSOURI, FOR MILL TANDEM; FERRELL CORPORATION OF ANSONIA, CONNECTICUT, FOR GEARING; WORTHINGTON CORPORATION OF HARRISON, NEW JERSEY, FOR DRIVE TURBINE AND ELECTRIC GENERATING EQUIPMENT; J&L ENGINEERING CORPORATION, JEANERETTE, LOUISIANA, CAMECO CO., OF THIBEADEAUX, LOUISIANA, FOR CANE HANDLING; AND ALPHA STEAM BOILER COMPANY, CORAL GABLES, FLORIDA, FOR BAGASSE HANDLING.

EXIMBANK'S CHAIRMAN WILLIAM J. CASEY SAID SEVERAL HUNDRED ITEMS OF EQUIPMENT WILL BE PURCHASED FROM THE UNITED STATES. THERE IS ALSO THE POSSIBILITY OF FOLLOW-UP BUSINESS FOR U.S. INDUSTRY INASMUCH AS THE BORROWER IS PLANNING MORE EXPANSION AT A FUTURE DATE.

EXIMBANK'S CREDIT REPRESENTS 45 PERCENT OF THE TOTAL U.S. COSTS. THE FIRST NATIONAL BANK OF COMMERCE, NEW ORLEANS, WILL PROVIDE A CREDIT OF \$19,080,000 TO COVER ANOTHER 45 PERCENT OF THE U.S. COSTS, OF WHICH \$12,720,000 WILL BE COVERED BY EXIMBANK'S FINANCIAL GUARANTEE. CORPORACION AZUCARERA LA VICTORIA WILL MAKE CASH PAYMENT OF 10 PERCENT, REPRESENTING THE BALANCE OF THE U.S. COSTS.

INTEREST OF EXIMBANK'S CREDIT WILL BE AT THE RATE OF 8 PERCENT PER ANNUM. THIS RATE, COMBINED WITH THE INTEREST RATE FROM PRIVATE SOUCRES, WILL RESULT IN AN ESTIMATED ANNUAL INTEREST UNCLASSIFIED

UNCLASSIFIED

PAGE 03 STATE 184282

COST TO THE BORROWER, BASED ON CURRENT RATES, OF 8.62 PERCENT TO 8.87 PERCENT.

THE LOANS ARE TO BE REPAID IN 15 SEMIANNUAL INSTALLMENTS BEGINNING MARCH 10, 1978, WITH EXIMBANK'S LOAN TO BE REPAID OUT OF A PORTION OF THE 8TH INSTALLMENT AND ALL OF INSTALLMENTS 9 THROUGH 15. REPAYMENT OF ALL LOANS IS TO BE GUARANTEED BY THE REPUBLIC OF PANAMA. UNQUOTE. KISSINGER

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**Type:** TE  
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